FOURTH OPINION ON THE MINIMUM INCOME SCHEME (MIS)

The **minimum income scheme (MIS)** is a benefit aimed at **preventing the risk of poverty** among people who lack the financial resources to cover their basic needs.

It was launched in **2020** and AIReF **has been evaluating** its performance since then.

In this fourth opinion, AIReF **updates its previous assessments** and, as a new feature, **evaluates the effects of the MIS on employment**. In the second phase of the 2022-2026 Spending Review, it will summarise lessons learnt over these years.

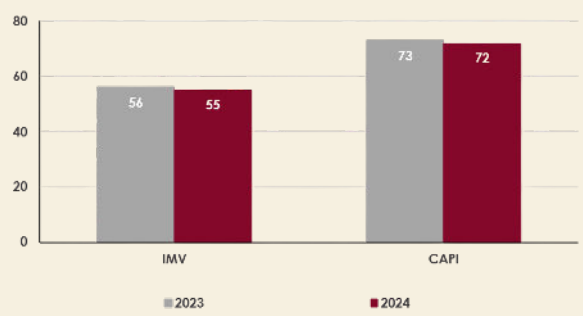
Update

Progress has been made in terms of deployment and scope:

- The number of **MIS beneficiaries has increased** by 14% and CAPI beneficiaries by 34%.
- The **processing time** for benefits has been reduced by 45 days.
- The percentage of applications pending resolution at the end of the year **has decreased**.
- The **employment incentive** benefited 30% of MIS recipient households.

However, there have been **no significant structural changes**:

- 55% of households that could receive the MIS have not applied for it ***(non-take-up)***. Up to 72% in the case of CAPI.



- **Catalonia and the Balearic Islands** have the highest non-take-up rates.
- 68% of beneficiaries are affected by the **income review**.

Effects on employment

The evaluation finds that the MIS **reduces the probability of working**. The effects remain after the entry into force of the employment incentive in 2023

3 points → The **probability of working** falls, representing a drop of 12%. In single-parent households with high incomes and children under 30, it exceeds 20%.

0,6 days → The number of **days worked per month is reduced by 11%**. In single-parent households with high incomes and children under 30, this exceeds 20%.

3% → % The probability of having a **permanent contract** increases among beneficiaries who remain in employment.

These effects are **in line** with the latest results in the **economic literature.**

Problems with the employment incentive

Analysis of the effectiveness of the employment incentive shows that it is **unable to mitigate the disincentive effects identified** in the first 12 months since its entry into force

It uses **tax information with a time lap** that prevents beneficiaries from clearly and instantly perceiving the advantages of the incentive.

It lacks elements that encourage rapid entry into employment or the intensity of the working day.

It does not offer a guaranteed duration that provides beneficiaries with certainty about the permanence of the benefit.

Remaining on benefits

Beneficiaries who remain on benefits for **more than 12 months.**

Beneficiaries who remain on benefits for **more than 24 months.**

Beneficiaries who remain on benefits for **more than 3 years.**

Proposals

1. **Complete reformulation of the employment incentive.**
2. **Automaticity.** Promote automatic verification of the requirements for receiving the MIS and move towards the automatic granting of the CAPI from birth.
3. **Objectives.** Transform the objectives of the MIS into quantifiable and measurable targets.
4. **Support**. Strengthen information campaigns and individualised support.
5. **Minimum income.** Ensure the continuity of homogeneous and comparable statistics on minimum income from the third opinion of the AIReF.